



**Ensuring Quality Services for Infants and Toddlers with
Disabilities and their Families within the BabyNet Early
Intervention System:**

An Analysis of Current and Needed Resources

Prepared by South Carolina First Steps to School Readiness

Pursuant to Proviso 1.96 of the General Appropriations Act for FY2016

December 30, 2015

Proviso 1.96. (SDE: First Steps Accountability) Based on the need for stated intervention by the US Department of Education Office of Special Education and Rehabilitative Services (OSEP) in implementing Part C of the Individuals with Disabilities Education Act (IDEA), the Office of First Steps to School Readiness must meet federal compliance for the Part C program. Additionally, the Office of First Steps to School Readiness shall report to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Governor the specific steps, timeline and progress made in improving meeting compliance standards its performance for those indicators with which the office was scored as being low performing. The report must include a statement regarding whether the additional employees authorized by this act are sufficient for compliance. The report shall also include any correspondence from the US Department of Education concerning the progress made on federal compliance with OSEP state standards. The report must be submitted no later than December 31, 2015. From the funds appropriated for BabyNet, the Office of First Steps to School Readiness may expend the funds necessary to meet the requirements of this proviso.

Executive Summary

BabyNet is South Carolina's interagency, early intervention program for infants and toddlers with disabilities and developmental delays. Enabled under Part C of the federal Individuals with Disabilities Education Act, BabyNet provides early childhood special education services to the families of eligible children, designed to prepare each for school success.

The program is funded with a combination of state appropriations and federal grant funds, with current partners including SC First Steps (which serves as the state's designated "lead agency" and oversees local system point of entry offices), the SC Department of Disabilities and Special Needs, the SC School for the Deaf and the Blind, the SC Department of Health and Human Services, and hundreds of contracted service providers across the state.

Since the program's inception under the SC Department of Health and Environmental Control in 1991, South Carolina's BabyNet program has struggled to comply with strict federal guidelines around the program's operation, becoming the first state in the nation to enter into a federal compliance agreement with the United States Department of Education in 2003. Citing the program's challenged performance and inappropriate placement (BabyNet continues to be misidentified as a health program by many SC stakeholders), Governor Mark Sanford designated SC First Steps to School Readiness as the program's new lead agency in January of 2010.

At the time of its transfer, the program was insolvent (relying on one time federal funds from the American Recovery and Reinvestment Act to pay its rapidly rising service costs) and had recently been cited by the SC State Auditor as failing to maintain a system of general supervision. As a support to the new lead agency, lawmakers requested a retrospective review by

the SC Legislative Audit Council, designed to identify areas for improvement within the struggling system.

Since 2010 First Steps – working in near weekly collaboration with national technical assistance resources – has made significant strides toward bringing the BabyNet system into federal compliance, implementing the LAC’s recommendations to the agency, reestablishing the grant’s required system of general supervision, adding efficiency and accountability measures which successfully reversed the substantial fiscal deficits inherited from DHEC in both January of 2010 and July of 2011 (when all remaining front-line BabyNet employees were transferred to First Steps), improving monitoring and supervision of service providers, creating a detailed interagency financial reporting structure, and replacing the system’s outdated data system with one capable of collecting key data required by the federal government.

Despite significant progress, structural weaknesses in the state’s Part C program design and insufficient resources have continued to prevent the BabyNet system from meeting federal expectations. As noted by the LAC in 2011, South Carolina is the only state in the nation in which the state appropriations do not flow exclusively through the program’s lead agency, weakening its required “single line of authority” and limiting First Steps’ ability to redirect cost savings to other areas of need within the program.

One longstanding compliance challenge for the state has been the federal government’s requirement that all eligible children proceed from initial referral, through an eligibility evaluation of the child and family, to the development of a formal Individualized Family Service Plan (IFSP, the infant-toddler equivalent of the K-12 system’s Individualized Education Plan or IEP) within 45 days from initial contact. With a small frontline staff charged with processing

roughly 10,000 client referrals annually, the state has been perpetually challenged in its efforts to meet this compliance deadline.

Help is on the way, however. With the support of the General Assembly – which appropriated \$1.1 million and 23 new FTEs to the effort during FY16 – First Steps is currently deploying new staff across the state designed to address this concern. Additionally, a diverse, interagency “BabyNet Think Tank” has been at work over recent months to analyze the system’s current weaknesses and address potential solutions.

This report lays out their findings and prioritizes the targeted, additional resources First Steps and system stakeholders believe will be necessary to ensure the BabyNet system earns a federal designation of “meets requirements” for the first time in its 25 year history. **Among its key recommendations (and associated resources requested) are:**

- Creation of both online and toll-free resources designed to support families and other stakeholders in providing timely and accurate BabyNet referrals.
- Creation of new “Evaluation and Assessment” teams designed to eliminate provider conflict of interest within the IFSP development process and support the lead agency in meeting new federal requirements that individuals representing at least two professional disciplines participate in the IFSP team.
- The establishment of stand-alone (contracted) service coordination resources, allowing BabyNet intake offices to focus exclusively on their duties within the 45 day intake window.
- Expanding service provision within rural and outlying areas via mileage reimbursements for providers travelling more than 30 miles round trip.
- Conducting a comprehensive BabyNet cost study.

- Full seating of a robust and effective State Interagency Coordinating Council (ICC), as an advisory support to the lead agency.
- Identifying additional resources to address rising, interagency service costs without further limiting eligibility.
- Establishment of 7 new BabyNet system positions (FTEs) designed to support families and ensure federal compliance.

Introduction: Why Intervene Early?

Decades of rigorous research suggests that children's earliest experiences play a critical role in brain development and school readiness. The Center on the Developing Child at Harvard University has summarized this research as follows: ^{1, 2}

- Neural circuits, which create the foundation for learning, behavior and health, are most flexible or “plastic” during the first three years of life. Over time, they become increasingly difficult to change.
- Persistent “toxic” stress, such as extreme poverty, abuse and neglect, or severe maternal depression can damage the developing brain, leading to lifelong problems in learning, behavior, and physical and mental health.
- The brain is strengthened by positive early experiences, especially stable relationships with caring and responsive adults, safe and supportive environments, and appropriate nutrition.
- Early social/ emotional development and physical health provide the foundation upon which cognitive and language skills develop.
- High quality early intervention services can change a child's developmental trajectory and improve outcomes for children, families, and communities.
- Intervention is likely to be more effective and less costly when it is provided earlier in life rather than later.

The provision of early intervention services to young children who have - or are at risk for - developmental delays has been shown to positively impact outcomes across multiple domains, including health,² language and communication,³⁻⁶ cognitive development⁷⁻⁸ and social/emotional development.^{7,9} Families benefit from early intervention by being able to better

meet their children's special needs from an early age and throughout their lives.^{7,10} Benefits to society include reducing economic burden through a decreased need for special education.^{7,8}

Part C of the Individuals with Disabilities Education Act

The Infants and Toddlers with Disabilities Program (Part C) of the Individuals with Disabilities Education Act (IDEA) was created in 1986 to enhance the development of infants and toddlers with disabilities, minimize potential developmental delay, and reduce educational costs to our society by minimizing the need for special education services as children with disabilities reach school age.¹¹ Part C provides early intervention (EI) services to infants and toddlers aged birth to three with developmental delays or a medical condition likely to lead to a developmental delay. Part C *is not intended* to be a stand-alone program. The intent is to build interagency partnerships among public and private agencies and programs in early childhood education, education, human services, developmental disabilities, and health.

Across the nation, there is a strong need for quality Part C early intervention programs.

- More children are in need of services than are currently being served. In 2009, Part C served 348,604 children nationally, which represents 2.67% of the general population of children aged birth to 3.¹² However, research indicates that as many as 13% of birth to 3 year olds have delays that would make them eligible according to criteria commonly used by the states.¹
- There is a need to reach children earlier. Research has shown that at 9 months of age, only 9% of eligible American children receive Part C services; at 24 months this figure increases to only 12%.¹⁴
- Research also suggests that there are racial and socioeconomic disparities in the receipt of EI services,^{13,14} with African American children being up to five times less likely to receive services than white children.¹⁴ Young children experiencing homelessness are

more likely to have lower birth weights than other children, learning disabilities, developmental delays, emotional problems and behavior issues,¹⁵⁻¹⁸ yet they continue to be underrepresented in early childhood programs.¹⁵

- There is a significant shortage of well-trained professionals with expertise in serving very young children with behavioral or emotional (e.g. depression, anxiety) problems^{19,20} that negatively impact early learning, social interactions, and the overall well-being of an estimated 9% to 14% of children aged birth to five.^{21,22}

South Carolina data also suggests a strong need for robust early intervention services. According to the Annie E. Casey Foundation's 2015 Kids COUNT report, South Carolina ranks 42nd in overall child well-being, with:

- 27% (or 292,000) children in poverty,
- 59% (or 71,000) of young children not attending preschool,
- 9.7% (or 5,496) babies born at a low birth weight annually, and
- 13% (or 138,000) children living in families where the household head lacks a high school diploma.

IDEA requires referral to Part C for any child under the age of 3 who is identified as affected by illegal substance abuse, or is involved in a substantiated case of child abuse or neglect.¹

- Approximately 10-11% of all newborns have prenatal substance exposure, ²³ a risk factor for poor developmental outcomes. An estimated 90-95% of these infants are sent home at birth without being identified or referred for services. ²³
- In 2009, 702,000 American children experienced substantiated abuse or neglect; 40% of these children received no post-investigation services; one third were under age four, and infants under the age of one were the most likely to be victims.²⁴ These young

children often have high rates of physical, cognitive, social-emotional, relational and psychological problems.^{25,26}

In Summary:

- There is an urgent and substantial need to identify as early as possible those infants and toddlers in need of services to ensure that intervention is provided when the developing brain is most capable of change.¹
- High quality early intervention programs for vulnerable infants and toddlers can reduce the incidence of future problems in their learning, behavior and health status.^{2,3}
- Intervention is likely to be more effective and less costly when it is provided earlier in life rather than later. ^{2,3}

Child Outcomes

Part C provides early intervention (EI) services to children aged birth to three who have a full range of developmental delays or a medical condition likely to lead to a developmental delay. Outcomes differ according to each child's disability and age at entry into the program. The program helps many children develop skills at a level equal to their peers by age 3, preventing the need for additional special education services.

For children with severe disabilities, progress may be slower and children with degenerative conditions may even lose skills, but the program can help to slow or reduce the impact of their disabilities. Highlights of findings on early intervention outcomes for infants and toddlers with disabilities include:

- **Overall Developmental Gains.** The National Early Intervention Longitudinal Study (NEILS) found that overall outcomes for infants and toddlers participating in Part C included: increased motor, social, and cognitive functioning; the acquisition of age-appropriate skills; and reduced negative impacts of their disabilities.⁴¹ Findings from 2009-2010 data collected by the states also showed that 71%-76% of the children receiving Part C services demonstrated greater than expected growth across the following domains: ²⁷⁻²⁸
 - Social relationships, which includes getting along with other children and relating well with adults.
 - Use of knowledge and skills, which includes thinking, reasoning, problem solving, and early literacy and math skills; and
 - Taking action to meet needs, which includes feeding, dressing, self-care, and following rules related to health and safety.

These children were acquiring skills at a faster rate when they left the program than when they began.²⁷⁻²⁸ Between 54% - 62% of the children receiving EI services exited the program functioning within age expectations in these three domains. ²⁷⁻²⁸

- **Communication.** Early identification and intervention has been found to prevent some communication disorders from developing and to lessen the impact of other disorders.²⁹⁻³²
 - Infants with mild-to-profound hearing loss who receive appropriate early intervention in the first 6 months of life have been found to demonstrate significantly better vocabulary, receptive and expressive language, syntax, speech production, and social-emotional development than those identified later.³²
 - Children with hearing loss who receive EI within the first year of life have been shown to have language development within the normal range at 5 years of age.³²

- Very young children with Autism Spectrum Disorders receiving intensive EI services have been found to demonstrate gains in communication, speech/language and social skills.³²⁻³³ Intervention beginning before age 3 appears to have the greatest impact.³³⁻³⁴
- ***Reading and Mathematics.*** NEILS found that 46% of children who had received EI and been at risk of needing special education services did not need special education at kindergarten age. These children were performing just as well in early reading and mathematics as the general population of children in kindergarten.³⁵

Family Outcomes

The Part C program recognizes that families play a crucial role in optimizing their child's development and aims to enhance the capacity of families to meet the special needs of their infants and toddlers. Services are based on an Individualized Family Service Plan (IFSP) that is jointly developed by family members and service providers, taking into account the child's developmental needs and the family's concerns and priorities. Part C also recognizes that infants and toddlers with disabilities have a right to receive services as part of family and community life within the context of everyday routines, experiences, and activities with familiar people. Early development is best supported when services are provided in the child's home or in places or programs where young children play.³⁶ Highlights of findings on family outcomes of early intervention include:

- ***Parenting Skills.*** NEILS found that 98% of families participating in Part C felt competent in caring for their children's basic needs and 96% felt they knew how to help their children learn and develop.³⁷⁻³⁸ State 2009-2010 data showed that an average of 90% of families reported Part C improved their ability to help their children develop and learn.²⁷

- **Positive Outlook.** 95% of the NEILS families reported that EI professionals had helped them feel optimistic about their children's future. ³⁷⁻³⁸
- **Confidence.** 96% of NEILS parents felt that they knew how to work with professionals and to advocate for services for their children.^{14,15} State 2009-2010 data showed that an average of 86% of families reported Part C helped them to communicate their children's needs. ²⁷
- **Responsiveness.** Early intervention has also been found to help families and other caregivers alter their style of interaction and more effectively recognize, respond to, and support young children's attempts to communicate.³⁹⁻⁴⁰

In Summary:

- Early Intervention services to young children who have or are at risk for developmental delays have been shown to positively impact outcomes across developmental domains, including language/communication,⁵⁻¹¹ cognitive development, and social/emotional development.
- Families benefit by being able to better meet their child's special needs from an early age and throughout their lives.
- Benefits to society include reducing economic burden through a decreased need for special education.

IDEA/Part C in South Carolina

In 1986, South Carolina applied for and received a five-year planning grant from the US Department of Education's Office of Special Education Program for the purpose of exploring the feasibility of providing early intervention services to infants and toddlers with special needs and

their families. A South Carolina Part C Interagency Coordinating Council was appointed by then Governor Richard Riley, and charged with identifying existing state supports and services for this population, determining if those existing resources met or could meet the requirements of IDEA, and identify and identifying any gaps in existing services or resources that could be addressed with the federal grant funding. *(Note: Part C is considered a voluntary formula grant; i.e., each year, states must indicate to the US Department of Education of their intention to continue to implement a Part C early intervention system. Funding is based on the number of live births in a state for any given three-year period.)*

In 1991, Governor Carroll Campbell designated the SC Department of Health and Environmental Control as the Lead Agency for BabyNet, along with 8 other state agencies as participating partners. It is important to recall that parallel to this work, the SC Department of Education was responding to its mandate under Part B of IDEA to provide public school services to preschool children ages 3-5 with disabilities and special needs. Neither 4-K nor Early Head Start were universally available in our state, and it would be another 8 years before the SC General Assembly created the Office of School Readiness through SC First Steps. Additionally in 1991, the SC Department of Health and Environmental Control had a robust network of local county health departments, through which 13,000-15,000 infants and toddlers were served each year. On April 29, 1991, Governor Campbell signed into state law Act 41, authorizing SC Department of Health and Environmental Control to:

- “1) develop and implement a statewide, comprehensive, coordinated program of early intervention services for infants and toddlers with disabilities and their families;
- (2) facilitate the coordination of payment for early intervention services from federal, state, local, and private sources, including public and private insurance coverage; [and]

- (3) Enhance the capacity to provide quality early intervention services and expand and improve existing early intervention services being provided to infants and toddlers with disabilities and their families."

Per federal requirements, an additional component of Act 41 was the seating of a diverse Interagency Coordinating Council to "advise and assist the [lead agency] in developing a comprehensive interagency system to provide early intervention services for all eligible infants and toddlers with disabilities and their families.

Full text of the original state legislation can be accessed at:

http://www.scstatehouse.gov/sess109_1991-1992/bills/615.htm

Following 2 years of building system capacity, in 1993 BabyNet piloted a model for a local early intervention system in Georgetown, Horry, and Williamsburg counties, and went into statewide implementation on July 1, 1994. The local early intervention system reflected the then 13 SCDHEC districts or service areas. Staff of the local county health department provided intake functions, and county Boards of Mental Retardation as well as outreach staff of the South Carolina School for the Deaf and the Blind provided service coordination for children eligible for BabyNet. At that time, if a child was eligible for BabyNet, the infant or toddler did not also have to meet the eligibility criteria of the partnering state agency.

Each local early intervention system had access to a multidisciplinary evaluation and assessment team consisting of psychology, nursing, occupational therapy, physical therapy, and speech language pathology responsible for BabyNet eligibility determination, assessment of the family's resources, priorities, and concerns, and assessment of the child's unique strengths and needs.

These evaluations and assessments were an integral part of program planning for development of the initial Individualized Family Service Plan (or IFSP). Each local early intervention system also had a stand-alone data system, and was advised and assisted by a local Interagency Coordinating Council, the chair of which reported to the Governor's Office. Supervision and technical assistance was provided by a system of four regional consultants, and services such as physical therapy and speech language pathology were provided by local individuals or companies with contracts with SCDHEC.

In 1997, Congress reauthorized IDEA, and included new conditions for monitoring of states' implementation of IDEA by the US Department of Education, and for state reporting on compliance with the federal requirements. In response to the monitoring conditions, in 1999 states were required to complete a comprehensive self-assessment of federally determined priorities (General Supervision; Comprehensive Public Awareness and Child Find System; Family Centered Services; Early Intervention Services in Natural Environments; and Early Childhood Transition). By this time in South Carolina, BabyNet had been moved into three different divisions of Maternal and Child Health within SC DHEC, the SC Department Disabilities and Special Needs had restricted the criteria under which their county boards would serve BabyNet-eligible children (thereby placing additional burden on local BabyNet DHEC staff), SCDHEC General Funds for BabyNet were reduced by 20% from SFY 96 to SFY 99 (eliminating the local evaluation and assessment teams), and BabyNet was under the administration of its 4th state director.

South Carolina's self-assessment was designed and evaluated by Dr. Ana Lopez-DeFede of the University of South Carolina, and submitted to the US Department of Education in December 2000. In February 2002, the US Department of Education conducted a site visit to South Carolina to verify the findings of the self-assessment and assess state capacity to address non-compliance within one year. In correspondence with the SC Department of Health and

Environmental Control dated January 6, 2003, OSEP documented the following as significant areas of non-compliance:

- *SCDHEC has failed to employ proper methods of administering the Part C program, including monitoring agencies, institutions and organizations used by the State to provide Part C services, enforcing obligations and provide training and technical assistance.*
- *SCDHEC does not ensure that there is a coordinated Child Find system and that public awareness materials are made available to the public.*
- *SCDHEC does not ensure that all infants and toddlers are evaluated in all five developmental areas in the required time frame.*
- *SCDHEC does not ensure the availability of a family-directed identification of the needs of each child's family to appropriately assist in the development of the child.*
- *SCDHEC does not ensure 1) that all Individualized Family Service Plans are developed with required content, and 2) the provision of needed services in a timely manner.*
- *SCDHEC does not ensure that the local education agency is notified of children who are approaching the age for transition, holding a transition meeting and ensuring that a transition plan is developed and implemented in accordance with the requirements of Part C.*

It was determined that the depth and breadth of non-compliance was such that one year would not be sufficient for correction, and in April 2002, SCDHEC requested to enter the nation's first Part C three-year compliance agreement with the US Department of Education, and the US Department of Justice, Office of Civil Rights. Simultaneously, BabyNet requested and received a four-year technical assistance grant from the US Department of Education to support the lead agency during the compliance agreement, develop an integrated BabyNet data system, and

design and delivery of the personnel development activities necessary to improve the quality of South Carolina's early intervention system. A federal public hearing was held in May, 2003, and the compliance agreement went into effect in October of that year. Midway through the compliance agreement, BabyNet was placed under the administration of its 5th state director, who served the system in a part-time capacity.

During the period of the South Carolina compliance agreement, several key changes occurred at the federal level. Congress reauthorized IDEA in 2004, and shortly thereafter the US Department of Education implemented revisions in the 2004 federal statute regarding federal-to-state and state-to-local monitoring for timely identification and correction of non-compliance and states' performance reporting procedures. The resulting State Performance Plans (SPP) and Annual Performance Reports (APRs) combined several reporting functions into a single document. These are: (1) self-assessing, (2) improvement planning and (3) performance reporting for both compliance and results indicators.

Through these State Performance Plan and Annual Report processes, it is well documented that South Carolina's early intervention system under Part C of IDEA has consistently failed to meet the minimum requirements for compliance with the Individuals with Disabilities Education Act (IDEA) and 34 CFR 303 (see Table 1 below).

Table 1
BabyNet Compliance and Determinations FFY 2002- FFY 2013

| FFY | Determination Status | Enforcement Action |
|-------------------------------|--------------------------------|----------------------------|
| 2002 (01jul02-30jun03) | Needs Substantial Intervention | Findings of Non-Compliance |
| 2003 (01jul03-30jun04) | Needs Substantial Intervention | Compliance Agreement |
| 2004 (01jul04-30jun05) | Needs Substantial Intervention | Compliance Agreement |
| 2005 (01jul05-30jun06) | Needs Intervention Y1 | Compliance Agreement |
| 2006 (01jul06-30jun07) | Needs Intervention Y2 | Special Conditions |

| | | |
|-------------------------------|-----------------------|------------------------|
| 2007 (01jul07-30jun08) | Needs Assistance Y1 | Special Conditions |
| 2008 (01jul08-30jun09) | Needs Assistance Y2 | Special Conditions |
| 2009 (01jul09-30jun10) | Needs Intervention Y1 | Special Conditions |
| 2010 (01jul10-30jun11) | Needs Intervention Y2 | Special Conditions |
| 2011 (01jul11-30jun12) | Needs Intervention Y3 | Corrective Action Plan |
| 2012 (01jul12-30jun13) | Needs Intervention Y4 | Corrective Action Plan |
| 2013 (01jul13-30jun14) | Needs Intervention Y5 | Corrective Action Plan |

All State Performance Plans, Annual Performance Reports, and State Determination Letters beginning with FFY 2002-2003 can be accessed at:

<http://www2.ed.gov/fund/data/report/idea/partcspap/allyears.html#sc>

One contributing factor to the state's long history of challenged performance is South Carolina's uniquely fragmented funding model. Unlike the nation's remaining states and territories, each of which channel all state and federal program funds through the lead agency – charged by federal law with maintaining a “single line of authority” over the program - South Carolina has long appropriated program funds to individual partner agencies, constraining the lead agency's ability to ensure federal compliance and preventing its ability to effectively redirect savings and control system costs.

Given the program's history of non-compliance, as well as the emergence of a dedicated early childhood education initiative in South Carolina First Steps to School Readiness, in September 2009 Governor Mark Sanford transferred the BabyNet lead agency responsibilities to SC First Steps to School Readiness effective January 1, 2010 and a full-time BabyNet State Director was hired. In the 100 days prior to the lead agency transfer, First Steps established BabyNet Transition Study Teams to identify critical areas of change needed to bring the BabyNet system into compliance, and these recommendations, along with new federal regulations for Part C of

IDEA in September 2011 became the basis for a series of ongoing policy changes and improvement efforts.

It is critical to note that the lead agency transferred with a number of significant infrastructure issues. These included a \$2.5 million deficit in cost of services to children and families, a nearly \$1 million deficit in personnel and operating costs for the local BabyNet intake offices (transferred to First Steps by proviso in 2011, without sufficient funding to cover the transferred employees' salaries and fringe benefits and without consideration of their housing and other associated overhead costs) and a finding by the SC Office of the State Auditor noting DHEC's failure provide for a system of general supervision for the Part C system.

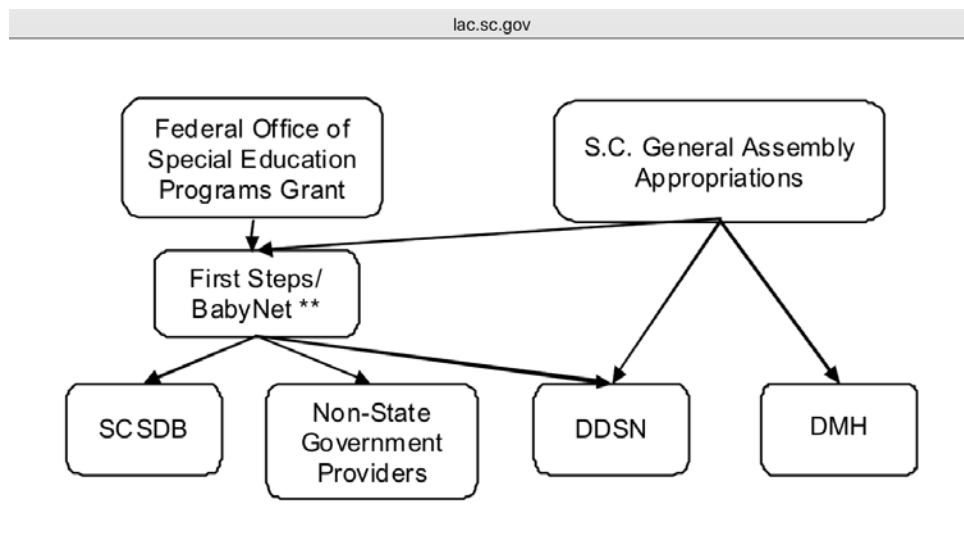
As a support to First Steps, the General Assembly requested a retrospective analysis by the Legislative Audit Council. This report, intended to highlight issues of concern for First Steps' immediate attention, was published in August of 2011 and can be accessed at:

http://lac.sc.gov/LAC_Reports/2011/Documents/BabyNet.pdf

Among the LAC's chief findings were the challenges posted by the state's decentralized funding model. Indeed, the body was unable to state with clarity how much state funding is even appropriated for the program, noting:

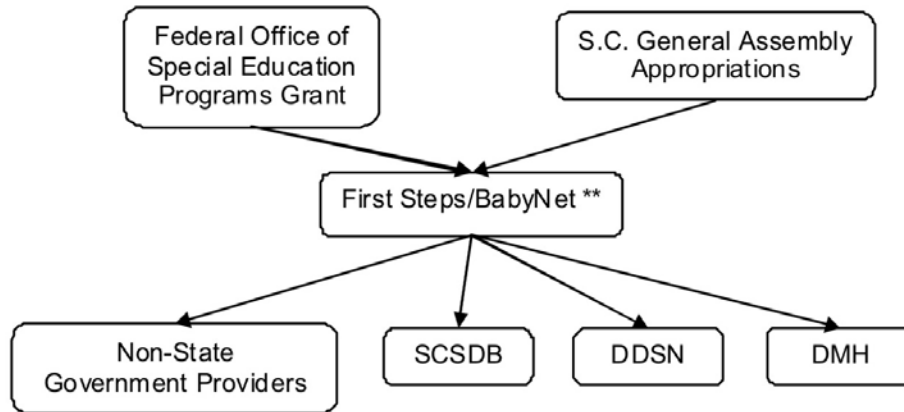
"South Carolina has a decentralized funding structure through which state agencies receive appropriations used for the BabyNet program. This structure has not allowed for adequate efficiency or oversight and control by the lead agency. In addition, most of the appropriated funds spent by state agencies for the BabyNet program have not been specifically appropriated for the program by the General Assembly. The amount of state funding for BabyNet intended by the General Assembly has not been made clear."
(Executive Summary, Page 1)

The report depicted both the system's current, decentralized funding structure (in which the SC General Assembly makes program appropriations directly to each partner agency) as follows:



(p. 6)

The report also recommended a potentially more accountable model, in which all program funds would flow through the designated lead agency. This model, utilized by each of the nation's remaining states and territories for their Part C programs, would ensure both the required single line of authority and give the lead agency the ability to redirect savings in one part of the system to other areas of systemic need:



(p. 7)

To this end, the LAC's first recommendation to the General Assembly was that:

"The General Assembly should appropriate all BabyNet funding directly to First Steps to increase accountability for the lead agency with regard to partner agencies and providers." (p. 9)

Since 2010 First Steps – working in near weekly collaboration with national technical assistance resources – has made significant strides toward bringing the BabyNet system into federal compliance, implementing the LAC's recommendations to the agency (with the exception of those requiring action by the General Assembly), reestablishing the grant's required system of general supervision, adding efficiency and accountability measures which successfully reversed the substantial fiscal deficits inherited from DHEC in both January of 2010 and July of 2011 (when all remaining front-line BabyNet employees were transferred to First Steps), improving monitoring and supervision of service providers, creating a detailed interagency financial reporting structure, and replacing the system's outdated data system with one capable of

collecting key data required by the federal government. (The status of all LAC recommendations for the BabyNet early intervention system are documented in Appendix 1.)

Per the most recent Annual Performance Report for FFY 2013 (submitted February 2015), BabyNet missed improving its federal determination from needs intervention to needs assistance by less than four percentage points. While progress continues on a number of fronts, the BabyNet system continues to struggle to *sustain* compliance in the following indicators of performance:

- Public awareness and child find.
- The 45-day process (during which all referred infants and toddlers must be evaluated in all five developmental areas; family-directed identification of the needs of each child's family must be identified; and, that development of all Individualized Family Service Plans with required content must be completed.)
- Timely initiation of service delivery within 30 days of IFSP development.
- Timely transition planning, supports, notification to and transition conferences with local school districts; and,
- Timely identification and sustained correction of provider non-compliance.

Another area of longstanding weakness has been the state's required Interagency Coordinating Council (ICC). Appointed by the Governor, this diverse interagency body is required by federal law to advise and assist the lead agency in the creation of a system to provide early intervention services for all eligible infants and toddlers with disabilities and their families. While continuing to meet regularly in a limited form, South Carolina's ICC is currently in need of refreshed membership, with multiple required appointments currently vacant. While a number of new, agency-level appointments have been made within the past year, this advisory group continues

to lack current gubernatorial appointments among both parents and BabyNet service providers. The seating of a full and robust ICC would improve federal compliance, strengthen the system's stakeholder input mechanism and lend significant support to the lead agency.

But perhaps the system's most significant compliance challenge has been the federal government's requirement that all eligible children proceed from initial referral, through an eligibility evaluation of the child and family, to the development of a formal Individualized Family Service Plan (IFSP, the infant-toddler equivalent of the K-12 system's Individualized Education Plan or IEP) within 45 days from initial contact. With a small frontline staff charged with processing roughly 10,000 client referrals annually, the state has been perpetually challenged in its efforts to meet this compliance deadline.

Help is on the way, however. With the support of the General Assembly – which appropriated \$1.1 million and 23 new FTEs to the effort during FY16 – First Steps is currently deploying new staff across the state designed to address this concern.

As of this writing, the General Assembly is yet to act on the LAC's recommendation regarding the system's uniquely decentralized funding structure, but pursuant to proviso the system partners now make quarterly accountings of their BabyNet expenditures – allowing for a comprehensive annual portrait of the BabyNet system for the first time in history.

Changing Federal Requirements

In 2013, OSEP introduced two additional requirements for the improvement of results for infants, toddlers, and their families: 1) the federal-to-state and state-to-local determinations of performance must now include both compliance and results indicators; and 2) states were required to develop and implement a 5-year state systemic improvement plan (SSIP). The SSIP is intended to assist states in improving structures that support provision of practices and

services that are of high quality and that can be *sustained* by the state's early intervention system. Beginning in March 2014 and with ongoing national technical assistance, the SSIP process involved a broad cross-section of stakeholders for each component of the plan, including:

- families receiving BabyNet services;
- PRO-Parents of South Carolina (at the time, South Carolina's Parent Training and Information Center under Part D of IDEA);
- Family Connection of South Carolina;
- BabyNet State Agencies (SC First Steps to School Readiness, SC Department of Disabilities and Special Needs, SC School for the Deaf and the Blind);
- BabyNet service coordinators and service providers;
- Directors of Special Education Services with local school districts, and
- The Office of Special Education Services with the SC Department of Education.

Phase I of South Carolina's SSIP, submitted and approved by OSEP in 2015, required a detailed analysis of the state's early intervention infrastructure to include: 1) governance of the state's early intervention system; 2) fiscal structure and funding sources to cover service provision; 3) quality standards in early child; professional development and learning; 4) data systems and data-driven improvement; 5) technical assistance; and, 6) accountability. Additionally, states were required to identify improvement strategies to address identified infrastructure issues, long-standing non-compliance, and any complaints on record with the US Department of Education.

The analysis of the BabyNet infrastructure revealed a number of significant, long-standing systemic deficits—consistent with previous findings by the US Department of Education and the 2011 report of the South Carolina Legislative Audit Council--that must be resolved before the

early intervention system will be able to successfully implement the SSIP and *sustain* a system of high-quality services and outcomes for infants, toddlers, and their families. This infrastructure analysis became the platform for additional stakeholder input regarding system improvements, for data-driven decisions regarding use of new state funding appropriated by the SC General Assembly in June 2015, and for the SFY 17 Interagency Budget Request (attached). The Phase I submission of BabyNet's SSIP, including the full analysis of BabyNet's infrastructure, is located at <https://osep.grads360.org/#communities/pdc/documents/8287>

Current BabyNet System Planning and Improvements

Many BabyNet improvement efforts are currently underway.

1. **BRIDGES and Payment System Improvements:** During 2014, the First Steps began implementation of a new BabyNet information system (BRIDGES) replacing the outdated BabyTrac system created by DHEC (which, due to age and changes to federal regulations no longer met program or federal grant needs reporting needs). At the beginning of 2015, it became apparent that the new systems payment processes were not meeting agency (or provider) expectations. After a detailed review of the processes of the contracted payer, Jasper County DDSN Board, and some concerns identified by BabyNet private service providers, it became clear that improvements needed to be made.

In order to clearly identify system needs, a series of provider and BabyNet partner forums were held to identify concerns and possible solutions. Over 30 individuals representing all the different private and public partner organizations participated. The outcome was a list of improvements that could be made to the system and the process to improve the BRIDGES system for all partners, including a number of modifications to the software system and its outputs.

Development and implementation of the modifications that had no cost were begun immediately. Those with a fiscal impact were evaluated and prioritized, with 4 of the 5 now implemented or under development. A cheaper alternative – now in process - was been identified for the 5th item, which had a cost that could not be met with the current budget. These modifications have already resulted in a tremendous improvement to this system, according to unsolicited feedback from users.

45-Day Process and BabyNet Think Tanks: As referenced above, the system's 45-day intake timeline has been a longstanding compliance challenge, with a small front-line staff charged with processing nearly 10,000 referrals a year. First Steps requested and received new funding and 23 new FTE positions to address this concern in the FY16 General Appropriations Act.

Once it became evident that new funding and 23 new positions would be approved by the General Assembly, the agency initiated a series of evaluations to maximize the use of these new resources. This started with the BabyNet State Director and State Supervisor of the local BabyNet offices meeting with all First Steps BabyNet staff. The purpose of these meetings was to gather information and data regarding local staffing needs.

With the passage of the budget also came the inclusion of a new proviso, 1.96 (SDE: First Steps Accountability), which - in addition to requiring the current report – permits First Steps to expend its funds as necessary to meet the federal compliance for the Part C Program. In order to fully meet this requirement, First Steps undertook a significant evaluation of the entire BabyNet System.

This included seating and hosting a series of five “BabyNet Think Tank” meetings, beginning in September 2015, to seek stakeholder input regarding the changes necessary to bring the BabyNet system into compliance with federal requirements, as well as identify specific activities the BabyNet system must complete to implement the improvement strategies for the new State Systemic Improvement Plan (SSIP). The first of these meetings was held with the Georgetown County First Steps Partnership, and included a cross section of BabyNet and early childhood personnel who serve as referral sources to BabyNet and provide these and other early childhood services. Critical insights regarding staffing needs within the 15 local BabyNet offices were gleaned. This resulted in First Steps developing a detailed analysis of the placement of BabyNet offices relative to BabyNet referrals; analysis of state birth rate data; and formulas for staffing these offices based on county birth data and referral rates. This staffing and facility plan was completed by November. The plan will provide for the following:

1. Increase in patient access
2. Improve Supervision and system accountability
3. Improve tracking and documentation of referrals
4. Improve capacity to meet 45-day intake and eligibility timeline

The plan, which is currently in the hiring phase, will include opening additional BabyNet offices in four locations: Sumter, Dillon, Georgetown, and Rock Hill, with modifications to the service level of two others.

The plan was developed to create the maximum impact to the 45 day process. It includes additional intake coordinators, administrative staff and supervision for First Steps’ local BabyNet intake (SPOE) offices. The plan will ensure enough Intake Coordinators to meet the needs of all referred children. In addition, the administrative staff will improve the referral

system to ensure that children get into the system quickly and are documented in the BRIDGES system timely. New supervision supports will ensure accountability throughout the system.

First Steps' goal is to have all of the positions filled by the end of January so that training can be implemented to bring each new employee up to speed quickly. In addition, a Quality Assessment Team will be created which will evaluate the Individualized Family Service Plans (IFSP) of clients throughout the state to ensure quality and appropriate service utilization.

The second September stakeholder meeting included the administration of SC First Steps to School Readiness, the BabyNet State Director, and supervisors of all the local BabyNet Offices to address the specific needs of the intake offices.

Finally, in September, October, and December, a broad cross-section of stakeholders representing all areas of the state and all facets of the BabyNet system were invited to participate in identifying:

1. The points in the system when supports and services do not meet federal requirements and/or represent quality practices
2. What the 'ideal' state early intervention system would look like
3. What specific funding, policy changes, professional development activities, and accountability mechanisms it would take to move the BabyNet system closer to that ideal.

Each of these meetings was conducted with independent facilitation and access to national technical assistance. Stakeholders included the following:

- Families receiving BabyNet services;
- BabyNet service coordinators and service providers;

- BabyNet State Agencies (SC First Steps to School Readiness, SC Department of Disabilities and Special Needs, SC School for the Deaf and the Blind);
- Center for Disability Resources with the University of South Carolina School of Medicine, Department of Pediatrics
- Family Connection of South Carolina (the current South Carolina's Parent Training and Information Center under Part D of IDEA);
- Greenville Hospital System
- The Office of Special Education Services with the SC Department of Education;
- Pediatric practices and other referral sources;
- PRO-Parents of South Carolina;
- SC Protection and Advocacy for People with Disabilities, Inc.;
- University faculty in special education
- SC Department of Health and Environmental Control
- SC Department of Health and Human Services;
- Members of the SC BabyNet Interagency Coordinating Council (SC-ICC); and
- Supervisors of the local BabyNet intake offices.

The outcome of the considerable amount of time committed by all of our partners, was a very extensive and comprehensive plan for a permanent improvement of the BabyNet System. The plan, once fully implemented would result in bringing the program into compliance and establishing the quality needed in the program for many years.

The finalized recommendations and projected implementation costs have been shared with all of the system partners for input and feedback. The plan included in this report is the best thinking of the most knowledgeable BabyNet professionals and experts in SC. A full listing of the Think Tank Recommendations to First Steps – many of which can be implemented without additional resources - is included as Appendix 2.

Interagency Coordinating Council

As required under federal law, the existing members of the advisory, Interagency Coordinating Council continue to meet and have recently opened a nomination process designed to provide a list of potential parent and provider candidates for consideration by Governor Haley's office. It is the hope of both the lead agency and existing ICC membership that a fully seated Council will be in place to advise the system in 2016. Not only will this improve system compliance, but provide First Steps a single, comprehensive venue through which to solicit key feedback on BabyNet's policies, systems and structures. While not requiring new funding, this is a key recommendation of both the recent BabyNet Think Tanks and First Steps.

One change that might better enable the optimal functioning of the ICC as pertains to the participation of state agency membership would be for the governor to explore appointing the "agency head or his/her designee," thus enabling expedited agency appointments to the body in the (fairly regular) event of agency personnel turnover.

BabyNet Budget Proposal

After a careful analysis of the Think Tank Recommendations, First Steps requests the General Assembly's consideration of the following **prioritized requests**, designed to improve performance and ensure federal compliance throughout the BabyNet system. It is important to note that these are not the only Think Tank recommendations under consideration, but rather a listing of those for which the system lacks existing resources. While we recognize that full funding of this plan may not be feasible during FY17, the items below represent a comprehensive approach to ensuring the state's improved compliance with federal guidelines.

| Prioritized Recommendation: | Request |
|---|---|
| <p>1. Additional BabyNet service funds, designed to prevent eligibility restrictions amidst rising service costs and more efficient 45-day intake process, which First Steps projects will speed (and thus prolong) the delivery of early intervention services to eligible children by up to one month.</p> <ul style="list-style-type: none"> a. Additional service funds to address both rising costs and prolonged service delivery to infants and toddlers with disabilities and developmental delays. \$2,094,560 b. Recurring funds to support DDSN (via contract) in the delivery of early intervention services to non-Medicaid children: \$400,000 c. Increased service funds designed to support DDSN contract, premised on a 1/12 increase in service costs as a result of more efficient 45 day intake process: DDSN: \$692,000 (12% of FY15 Non-Federal BabyNet Funds of \$5.77M) | \$3,186,560 |
| <p>2. Statewide Eligibility and Assessment (E&A) Team, designed to:</p> <ul style="list-style-type: none"> • Establish independent, initial IFSP teams (eliminating potential conflicts of interest) • Meet federal requirements regarding the need for at least two separate disciplines to participate in IFSP development • Resolve interagency concerns over billing prior to plan development | \$750,000 |
| <p>3. Conduct a comprehensive, BabyNet cost study designed to identify efficiencies and potential savings.</p> | \$150,000 (one time) |
| <p>4. Contracted service coordination. (Separate SPOE intake and service coordination functions, allowing local BabyNet offices to focus on intake, eligibility and 45-day compliance, while establishing system contracts for dedicated service coordination.)</p> | \$1,250,000 |
| <p>5. Address rural provider shortages through the provision of mileage above 30 miles round trip.</p> | \$300,000 (566,000 mi/year @ .53/mi) |
| <p>6. Centralize BabyNet referrals through:</p> <ul style="list-style-type: none"> • The addition of a public referral portal within web-based BRIDGES data system, and • The establishment and staffing of a dedicated, toll-free referral hotline (technology and 2 FTE positions within the Office of SC First Steps). | \$100,000 (2 FTEs) |
| <p>7. Establishment of BabyNet positions designed to support families and providers and ensure federal compliance (7 FTEs):</p> <ul style="list-style-type: none"> • Service to neonatal intensive care units (3) • Provider Recruitment, Education and Training Specialist (1) • Coaching for Quality Services (SSIP - 1) • Training and Technical Assistance (2) | \$462,000 (7 FTEs) |
| <p>8. BRIDGES and BabyNet website Enhancements</p> | \$350,000 (one time) |
| Total Request: | \$6,048,560 (recurring, 9 FTEs) \$500,000 (one time) |

Conclusion

South Carolina's IDEA Part C early intervention system has made significant and measurable progress since 2010, but requires additional resources and structural improvements to fulfil its mission and ensure the state's full compliance with federal mandates. BabyNet represents an unusual opportunity for lawmakers – one in which a small investment in the earliest years for high-risk children holds the potential to yield significant long-term savings to the taxpayers of South Carolina.

We respectfully request the General Assembly's consideration of the above requests, developed in collaboration with a diverse set of system stakeholders, as the state's best opportunity to improve the performance of this vital, inter-agency system.

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Appendices

Appendix 1
December 30, 2015 Status of SC Legislative Audit Council for the BabyNet Early Intervention System

| Recommendation | Status |
|--|---|
| <p>1. The General Assembly should appropriate all BabyNet funding directly to First Steps to increase accountability for the lead agency with regard to partner agencies and providers.</p> | <p><i>REQUIRES LEGISLATIVE ACTION</i></p> <ul style="list-style-type: none"> • Consolidation of funds, consistent with this recommendation, was requested by First Steps in FY12 and FY13 legislative sessions. BabyNet funds formerly allocated to DHEC and SC School for the Deaf and the Blind were transferred during FY12, via proviso 89.122, and codified within the FY13 General Appropriations Act. • Proviso 89.125 of the FY13 General Appropriations Act charged First Steps with developing a template to provide uniform fiscal reporting across all BabyNet agencies in lieu of a consolidated appropriation. Common fiscal reporting across all state agency BabyNet partners is now underway, with the requirement extended into FY16 via Proviso 117.99. • First Steps published BabyNet's first interagency fiscal statement in January 2014 and its second in January 2015. These summaries are the first comprehensive, inter-agency financial statements in the program's history, and will serve as the basis for both the state's federal maintenance of effort and the inter-agency budget request established in §44-7-2570(C). |
| <p>2. First Steps should comply with §44-7-2570 (C) of the South Carolina Code of Laws.</p> <p>South Carolina Code of Laws, Article 21, SECTION 44-7-2570. Fees for services; insurance.</p> <p>(A) Families must not be charged for early intervention services provided pursuant to this article.</p> <p>(B) Nothing in this section relieves public or private insurance programs, or other persons or agencies required by law to provide or pay for early intervention services, from their financial or legal responsibilities.</p> <p><i>(C) Pursuant to Subchapter VIII, Chapter</i></p> | <p><i>ONGOING</i></p> <ul style="list-style-type: none"> • SC First Steps meets regularly with BabyNet partner agencies for the purpose of reviewing agency expenditure reports, discussing system needs, and discussing the interagency budget request required under §44-7-2570(C). A BabyNet Think Tank has been seated to give input on both the December 31 BabyNet report to the General Assembly required pursuant to Proviso 1.96 and an inter-agency budget request planned for January 2016. This budget request will be provided to both legislative staff and the Joint Legislative and Citizen's Committee on Children. • Per #1 above, the requirement for common, interagency fiscal reporting has been extended into FY16 via Proviso 117.99 |

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| Recommendation | Status |
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| <p><i>33, Title 20, U. S. Code Annotated, all financial resources from federal, state, local, and private sources must be coordinated to fund early intervention services. A joint funding plan must be submitted by the department to the Joint Legislative Committee on Children on or before August first of each year. The individual components of the plan as they relate to individual agencies must be incorporated annually into each affected agency's budget request.</i></p> | |
| <p>3. If the General Assembly does not enact recommendation 1 to appropriate all BabyNet funds through First Steps, it should make specific line-item appropriations to state agencies for the BabyNet program.</p> | <p><i>REQUIRES LEGISLATIVE ACTION</i></p> <ul style="list-style-type: none"> • Provisos requiring uniform fiscal reporting by all agency BabyNet partners (since FY14) will inform budget needs for FY17. • First Steps' FY16 budget separates "BabyNet" appropriations into a distinct budget section, which now includes the funding previously allocated directly to the SC School for the Deaf and the Blind and DHEC. The budget of the Department of Disabilities and Special Needs, likewise, contains a distinct "BabyNet" line item. • As part of the interagency budget request for FY17, SC First Steps will be requesting that line items be established for the South Carolina Departments of Health and Human Services, and Mental Health. |
| <p>4. First Steps should develop and annually implement a formal methodology to calculate the extent of its compliance with federal regulation 34 CFR 303.124.</p> | <p><i>ONGOING</i></p> <p>The interagency expenditure reporting established in FY13 and extended into FY16 via proviso 117.99 has codified this process via uniform fiscal submissions from each agency. A common reporting template is in use by the Lead Agency and all BabyNet Participating State Agencies, and a final report for FY15 will be submitted to legislative staff in January 2016 and will be posted to the First Steps website.</p> |
| <p>5. First Steps should prepare and publish each year a financial statement for the complete</p> | <p><i>ONGOING</i></p> <p>Proviso 117.99 (FY15) requires uniform fiscal submissions from each partner agency. The BabyNet FY14 interagency</p> |

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| Recommendation | Status |
|---|--|
| BabyNet system, including all expenditures and all sources of revenue. | financial statement will be published by SC First Steps in January 2016. |
| 6. First Steps should contract with independent accountants to audit its annual financial statements for the BabyNet program. The annual audits should follow generally accepted government auditing standards, including the provision of reasonable assurance that the statements are accurate, that internal controls to prevent fraud and abuse are adequate, and that BabyNet funds have not been spent on non-BabyNet activities. | By agreement with agency partners, the FY16 interagency expenditure report will be independently audited if sufficient resources are available to underwrite such a review. |
| 7. When drafting contracts between First Steps and BabyNet service providers, First Steps should have them reviewed by procurement and legal staff. | ONGOING All contracts are reviewed annually by First Steps procurement staff and external legal counsel. |
| 8. First Steps should review contracts between other state agencies and BabyNet service providers before they are finalized. | ONGOING All BabyNet state agency partners have been asked for their subcontracts, per LAC recommendation and September 2011 federal regulation. As Lead Agency for BabyNet, South Carolina First Steps continues to work with the BabyNet participating state agencies to ensure fulfillment of this recommendation. |
| 9. First Steps should require all invoices submitted by BabyNet service providers to contain the signature of the parent/guardian of the child receiving the services. | COMPLETED This recommendation was implemented in November 2011. All provider invoices now require additional documentation, including parent or guardian signature at the time of service. Service verification is monitored through periodic audit of provider records. |
| 10. First Steps should establish a policy of using Medicaid rates for similar services reimbursed with BabyNet early intervention funds. | COMPLETED This recommendation was implemented in September 2011. For like services, the established BabyNet rate does not exceed the Medicaid fee for service rate as established by the SC Department of Health and Human Services. |
| 11. The General Assembly should amend state law to authorize First Steps to charge a sliding fee, based on family income | REQUIRES LEGISLATIVE ACTION Section 44-7-2570 currently prohibits changing families for Part C services. First Steps staff have met with the previous system administrator and Lead Agency staff of |

Appendix 1
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| Recommendation | Status |
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| and size, to families with children in the BabyNet program. | other states, who caution sliding fee administration may be costly, potentially offsetting the fiscal benefit of implementing such a system. However, administration of a family cost participation fee is less costly. South Carolina First Steps will continue to monitor the number of children eligible for Medicaid to determine if any potential revenues from use of such a model is cost efficient and make recommendations to the General Assembly accordingly. |
| 12. First Steps should continue the use of federally-funded technical assistance regarding its General Supervision function and increase the use of assistance in other priority areas where improvement is needed. | <p>ONGOING</p> <ul style="list-style-type: none"> Beginning in September 2009, the BabyNet and First Steps staff, Interagency Coordinating Council and legislative staff have been in ongoing contact with technical assistants provided via the U.S. Department of Education, whose assistance has been key to the restructuring of the BabyNet General Supervision system cited to First Steps as a longstanding area of need. As a result of this external facilitation and lead agency study, First Steps issued initial findings of non-compliance in October 2011, and state-to-local determinations of performance in June 2012. Additional areas of technical assistance have included re-design of the intake and eligibility process, redesign of the service delivery model, use of implementation science for sustainable change, incorporation of child outcomes in the Individualized Family Service Plan process, development of policies and procedures compliant with current federal regulations, and implementation of fiscal monitoring requirements of recipients and sub-recipients of federal Part C funds. Monthly TA visits are underway to assist the state in addressing the new federal requirements for a State Systemic Improvement Plan as part of OSEP's Results-Driven Accountability process. |
| 13. First Steps staff should continue to collect child results data and, when appropriate, use it to make program improvement decisions. | <p>ONGOING</p> <p>This recommendation matches an existing federal requirement; implementation was initiated in August 2006. South Carolina continues to rank at or above national averages for child outcomes.</p> |
| 14. First Steps should develop and implement a comprehensive plan to regularly monitor BabyNet service provider performance. | <p>ONGOING</p> <ul style="list-style-type: none"> A provider audit process has been developed and piloted, in association with Kerr and Company. The process is being refined in collaboration with First Steps staff for use system-wide. South Carolina BabyNet "findings of non-compliance" were first issued to service coordination vendors in October 2011 for FFY 2010 and to Service |

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| Recommendation | Status |
|---|---|
| | Coordination vendors beginning with FFY 2013. |
| 15. First Steps should not renew a BabyNet service provider's contract without first measuring the provider's performance over the course of the current contract. | ONGOING Modifications to the BabyTrac system in 2011 allowed BabyNet to track service delivery compliance by vendor. Initial notice of non-compliance to BabyNet Service Providers (based on a full year of performance) will begin with FFY 2013 data, and findings issued annually thereafter. |
| 16. First Steps should review the BabyNet provider performance monitoring processes of other state agencies in South Carolina to ensure consistency with any comprehensive provider performance monitoring plan developed by First Steps. | ONGOING Sample file review data was pulled and evaluated from state agency partners in November 2011. Additional performance monitoring processes were developed with technical assistance from US Department of Education, National Data Accountability Center, National Early Childhood Technical assistance Center, and MidSouth Regional Resource Center now includes mechanisms for monitoring of specific federal requirements. The new data system will enable additional review through real-time access to BabyNet electronic educational records, service coordinator and service provider logs, invoicing and payment status, and compliance and results performance indicators. |
| 17. First Steps should research low-cost methods of creating printed materials as well as radio and TV public service advertisements to increase public awareness about BabyNet. | COMPLETED Enhanced child find materials were developed in July 2011, disseminated through state and local partners, service vendors. In addition, First Steps implemented a new local partnership strategy which adds capacity for child screening and public information. The strategy was implemented by 7 First Steps county partnerships in July 2012 and renewed in July 2013. Public service announcements were developed and finalized in August 2012. These 15- and 30-second public service announcements were developed by Family Connection and released in September 2012: http://www.youtube.com/watch?v=9c14dZ1HsAA http://www.youtube.com/watch?v=NFgpErIZXd4 |
| 18. First Steps should contact state pediatric, neo-natal, and other associations to investigate offering training to doctors, nurses, and others regarding the referral of children to BabyNet. | ONGOING <ul style="list-style-type: none"> Roadmap to Developmental Screening materials were developed in English and Spanish (in collaboration with South Carolina's ACT Early Team) and distributed to all pediatricians and family practitioners across South Carolina in April 2012; New public awareness, Child Find, and personnel development materials were developed and distributed in fall 2012 (English and Spanish); Local outreach and information sharing has been |

Appendix 1
December 30, 2015 Status of SC Legislative Audit Council for the BabyNet Early Intervention System

| Recommendation | Status |
|--|---|
| | <p>enhanced via First Steps Early Intervention and Screening strategy (implemented in 7 counties during FY13, renewed in FY14);</p> <ul style="list-style-type: none"> • New BabyNet orientation video was developed and made available to families and partners beginning November 2012; • BabyNet staff have made system and policy presentations to USC Pediatric Residents (February 2013) and Early Childhood Comprehensive Systems (March 2013) groups. |
| 19. First Steps should update the BabyNet website to increase its readability and usefulness. | <p>ONGOING</p> <p>The BabyNet website has been updated monthly since August 2011. In addition, the 211 system has been connected to website to ease referral and parental self-identification of community level resources, in collaboration with Family Connections.</p> |
| 20. First Steps should track and publically report the age in months at which children are referred to the BabyNet program. | <p>ONGOING</p> <p>This data is now available through the BRIDGES data and electronic record system.</p> |
| 21. First Steps should track and publically report the age in months of first BabyNet service. | <p>ONGOING</p> <p>This data is now available through the BRIDGES data and electronic record system.</p> |
| 22. First Steps should continue to conduct outreach, training, and technical assistance to increase the number of service providers available in South Carolina. | <p>ONGOING</p> <p>Geographic provider shortages have been identified by system partners. Root cause analysis and proposed solutions are in process with agency and technical assistance partners. Access to provider reports has been developed as part of the contract with SCBCB/DSIT, in order to determine areas where children are waiting for service, and catchment areas of where provider shortages exist.</p> |
| 23. First Steps should develop or obtain a data system that allows for the monitoring of BabyNet children's transition conferences and plans. | <p>ONGOING</p> <p>Pre-release testing of the BRIDGES data and electronic educational record system was completed in summer 2013; training for 1650 system staff began October 2013, and the BRIDGES system was launched in March 2014. Phase two of training was completed in June 2014. BabyNet Service Providers will begin billing of BabyNet Service Funds through BRIDGES in September 2014.</p> |
| 24. First Steps should develop or obtain a data system that allows for the creation and dissemination of electronic | <p>ONGOING</p> <p>The BRIDGES data and electronic educational record system includes the Individualized Family Service Plan.</p> |

Appendix 1
December 30, 2015 Status of SC Legislative Audit Council for the BabyNet Early Intervention System

| Recommendation | Status |
|---|---------------|
| versions of children's Individualized Family Service Plans. | |

| <p style="text-align: center;">Appendix 2 Recommendations of the BabyNet Think Tank, September – December, 2015</p> |
|---|
| <p>Area of Improvement: Public Awareness/Child Find.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Better communication mechanisms between local early intervention systems, BabyNet State Office, and BabyNet Partnering agencies 2. Fulfill mandated appointments by the Governor's Office to the SC BabyNet Interagency Coordinating Council (ICC) 3. Per ICC by-laws, invite think tank stakeholders to participate in standing ICC committees 4. Explore ICC appointments beyond mandated numbers 5. Reinstatement of BabyNet Coordination Teams @ local level 6. Develop and provide training for primary referral sources, including purpose of BabyNet as federal special education program, roles of primary referral sources, roles of initial and primary service coordinators, and communication during and after referral with SPOE 7. Regular review of data to identify referral trends for so as to address issues in a timely manner 8. Develop an e-Referrals portal within the BabyNet data system 9. Develop local supervisor access to BRIDGES reports 10. Consider contracting with Help Me Grow to serve as central referral system for BabyNet 11. Provider monitoring of SPOE staff relative to BabyNet Policies and Procedures for responding to referrals 12. Include training materials for primary referral sources in the online managed learning system under regulations for the Comprehensive System of Personnel Development 13. Seek additional state funding for primary service coordination for children not qualifying for SCDDSN model |
| <p>Area of Improvement: Separating Initial and Primary Service Coordination for SCFSSR local BabyNet Staff.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Seek an increase in SCFSSR state funds as Medicaid match for BabyNet primary service coordination; explore contracting these funds to SCDDSN for provision of primary service coordination without special instruction; OR 2. Seek an increase in SCDDSN state funds as Medicaid match, AND seek to add or revise SCDDSN's existing Medicaid contract add BabyNet primary service coordination as a stand-alone service to the array of SCDDSN services; OR 3. Seek an increase in SCFSSR state funds as Medicaid match, AND seek to add or revise SCFSSR's contract with Medicaid so that the State Lead Agency can contract directly with BabyNet primary service coordination vendors. |
| <p>Area of Improvement: Initial Part C Eligibility Evaluation; Initial Assessment of Family Resources, Priorities, and Concerns; Initial Assessment of Child's Unique Strengths and Needs.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Streamline eligibility process for children with established risk conditions 2. Request additional funding for positions at local BabyNet offices to be housed within state's NICUs to <ol style="list-style-type: none"> a. develop sustainable relationships with NICU staff; b. begin BN orientation and intake prior NICU discharge; and c. participate in NICU discharge planning 3. Separate initial from primary service coordination for local BabyNet staff. 4. Increase flexibility of local BabyNet staff to serve across district lines by increasing funding for additional positions. |

| <p style="text-align: center;">Appendix 2 Recommendations of the BabyNet Think Tank, September – December, 2015</p> |
|--|
| <ol style="list-style-type: none"> 5. At either state or local level, centralize and standardize the initial contact process in order to screen the appropriateness of referrals to BN. 6. Determine composition of local Evaluation and Assessment teams: <ol style="list-style-type: none"> a. Request clarification from US Department of Education regarding qualifications of members of the multidisciplinary evaluation and assessment teams, and whether attainment of South Carolina Part C Credential qualifies as a second discipline b. To better enforce supervision and accountability, members of E&A team should be employed, NOT contracted, with the State Lead Agency |
| <p>Area of Improvement: Transition from BabyNet at Age Three. Recommendations:</p> <ol style="list-style-type: none"> 1. What is Working: <ol style="list-style-type: none"> a. Within the electronic Individualized Family Service Plan (IFSP), all children have transition planning outcomes b. Performance in ensuring Transition Referral Notification to the SC Department of Education and all local school districts is 100%, and is currently the responsibility of the BabyNet Data Manager 2. What Needs Improvement: <ol style="list-style-type: none"> a. Quality of transition planning outcomes in IFSPs b. Transition Referral Notification to local school districts by Primary Service Coordinator c. Timeliness of Transition Conferences with local school districts d. Timely and accurate submission of exiting data (required for federal reporting) into the BabyNet Data System 3. Actions: <ol style="list-style-type: none"> a. Develop and deliver training in use of evidence-based practices transition tool kit b. Develop and implement self-assessment regarding transition practices and requirements c. Develop local supervisor access to BRIDGES reports d. Develop and deliver transition resources for families e. Family Connection Parent Training and Information Center training in current quality practices for families f. Post transition resources on BabyNet website |
| <p>Area of Improvement: Provider Recruitment, Training, Retention, and Payment. Recommendations:</p> <ol style="list-style-type: none"> 1. Target undergraduate/technical school system 2. Provide potential providers with knowledge of roles & responsibilities of part C service providers 3. Participate in job fairs 4. Provide potential providers exposure to early intervention 5. Pay for travel, esp. in rural areas 6. Look at rates of other states' provider rates 7. Examine methods for scheduling in rural areas 8. Develop and post position for provider recruitment, training, technical assistance, and retention 9. Switch to pay & chase model for payment of providers 10. Develop direct deposit mechanism in BabyNet data system |

Appendix 3:
2015 Communications from the U.S. Department of Education's Office of Special
Education Programs (OSEP)



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE
SERVICES

June 30, 2015

Honorable Dan Wuori
Chief Program Officer
South Carolina First Steps to School Readiness
1300 Sumter Street
Concord Building, Suite 100
Columbia, South Carolina 29201-3340

Dear Dr. Wuori:

I am writing to advise you of the U.S. Department of Education's (Department) 2015 determination under sections 616 and 642 of the Individuals with Disabilities Education Act (IDEA). The Department has determined that South Carolina needs intervention in implementing the requirements of Part C of the IDEA. This determination is based on the totality of the State's data and information, including the Federal fiscal year (FFY) 2013 State Performance Plan/Annual Performance Report (SPP/APR), other State-reported data, and other publicly available information.

Your State's 2015 determination is based on the data reflected in the State's "Part C Results-Driven Accountability Matrix: 2015" (RDA Matrix). The RDA Matrix is individualized for each State and includes each State's: (1) RDA Percentage and Determination; (2) Results Score; and (3) Compliance Score. The RDA Matrix is further explained in a document, entitled "How the Department Made Determinations under Sections 616(d) and 642 of the Individuals with Disabilities Education Act in 2015: Part C" (HTDMD).

Beginning with the 2015 determinations, the Department is using IDEA Part C results data as part of its RDA framework after soliciting and considering input from multiple stakeholders regarding this process. The Department published a Request for Information in March 2014 to solicit comments regarding how IDEA Part C results data could be used in making IDEA Part C determinations. The Department also posted online, in November 2014, a proposed process for using results elements regarding Child Outcomes data.¹ The Department carefully reviewed all comments received throughout this public input process. In 2015, the Department's IDEA Part C determinations include consideration of each State's Child Outcomes data, which measures how children who receive IDEA Part C services are improving functioning in three outcome areas that are critical to school readiness: positive social-emotional skills; acquisition and use of knowledge and skills (including early language/communication); and use of appropriate behaviors to meet their needs. Specifically, the Department considered the data quality and the child performance levels in each State's Child Outcomes FFY 2013 data.

¹ The November 2014 document entitled, "Results Driven Accountability: IDEA Part C Results Data in Determinations," is available at <http://www.ed.gov/edblogs/osers/2014/11/results-driven-accountability-idea-part-c-results-data-in-determinations>).

You may access the results of OSEP's review of your State's SPP/APR and other relevant data by accessing the SPP/APR module using your State-specific log-on information at osep.grads360.org. When you access your State's SPP/APR on the site, you will find in Indicators 1 through 10, the OSEP Response to the indicator, and any actions that the State is required to take. The actions that the State is required to take are in two places: (1) any actions related to the correction of findings of noncompliance are in the "OSEP Response" section of the indicator; and (2) any other actions that the State is required to take are in the "Required Actions" section of the indicator. It is important for you to review the Introduction to the SPP/APR, which may also include any OSEP response and/or Required Actions.

You will also find all of the following important documents saved as attachments to the Progress Page: (1) the State's RDA Matrix; (2) the HTDMD document; (3) a spreadsheet entitled "2015 Data Rubric Part C," which shows how OSEP calculated the State's "Timely and Accurate State-Reported Data" score in the Compliance Matrix; (4) a document entitled "Dispute Resolution 2013-14," which includes the IDEA section 618 data that OSEP used to calculate the "Timely State Complaint Decisions and Timely Due Process Hearing Decisions" scores in the Compliance Matrix; and (5) a Data Display, which presents certain State-reported data in a transparent, user-friendly manner and is helpful for the public in getting a broader picture of State performance in key areas.

As noted above and further explained in the enclosures to this letter, the Department has determined that South Carolina needs intervention in implementing the requirements of Part C of the IDEA. The Department identifies a State as needing intervention under IDEA Part C if its RDA Percentage is less than 60%. South Carolina's RDA Percentage is 56.25%, based on the totality of the State's data and other information reflected in South Carolina's RDA matrix.

Under IDEA sections 616(e)(2) and 642, if the Secretary determines a State to need intervention for three or more consecutive years, the Secretary must take one or more of the six enforcement actions identified in IDEA sections 616(e)(2)(B) and 642 and may take, under IDEA sections 616(e)(2)(A) and 642, one of the three enforcement actions identified in IDEA section 616(e)(1). Because in 2015, South Carolina received a determination of "needs intervention" for the fifth consecutive year, the Secretary is taking the following enforcement action.

South Carolina must submit a corrective action plan (CAP) by August 3, 2015 to address two areas that contributed significantly to the State's 2015 determination: (1) compliance with timely transition plans consistent with 34 CFR §303.209(d); and (2) correction of findings of noncompliance (correction), consistent with IDEA section 635(a)(10)(A) and 34 CFR §§303.120 and 303.700(e).

Specifically, by August 3, 2015, the State must submit a CAP that sets forth:

- A description of how the State is improving its data collection for Indicator 8A for timely transition plans,
- The status of correction of the 17 remaining FFY 2012 findings,
- The number of findings of noncompliance the State made during FFY 2013 (July 1, 2013 through June 30, 2014),

- The number of findings identified in FFY 2013 for which the State verified the noncompliance was corrected as soon as possible and in no case later than one year after the State's identification of the noncompliance,
- The number of findings identified in FFY 2013 for which the State verified the noncompliance was corrected more than one year after the State's identification of noncompliance (i.e., "subsequent correction"), and
- For any 2012 and 2013 findings not corrected, the State's plan for ensuring correction of those findings.

Finally, the State must provide OSEP with a report by February 1, 2016 that provides:

- FFY 2014 data for Indicator 8A that reflects compliance with the requirements in 34 CFR §303.209(d) for timely transition plans,
- The status of correction of any remaining FFY 2012 findings,
- The status of correction of any remaining FFY 2013 findings, and
- For any 2012 and 2013 findings not corrected, the State's plan for ensuring correction of those findings.

As required by IDEA sections 616(e)(7) and 642 and 34 CFR §303.706, South Carolina must notify the public within the State that the Secretary of Education has taken the above enforcement actions, including, at a minimum, by posting a public notice on the State lead agency's Web site and distributing the notice to the media and through public agencies.

Pursuant to section 616(d)(2)(B) of the IDEA and 34 CFR §303.703(b)(2), a State that is determined to need intervention, and does not agree with this determination, may request an opportunity to meet with the Assistant Secretary to demonstrate why the Department should change the State's determination. To request a hearing, submit a letter to Michael K. Yudin, Assistant Secretary for Special Education and Rehabilitative Services, U.S. Department of Education, 400 Maryland Avenue S.W., Washington, D.C. 20202 within 15 days of the date of this letter. The letter must include the basis for your request for a change in the State's determination.

In 2015, States were required to submit a new SPP/APR, which included baseline data and measurable and rigorous targets for FFY 2013 through FFY 2018 for each indicator in the SPP/APR. In addition, under Indicator 11, States were required to submit a State Systemic Improvement Plan (SSIP) that included activities the State would implement to improve results for infants and toddlers with disabilities. OSEP has reviewed your State's SPP/APR, including Phase I of the SSIP, and determined that it meets the requirements of IDEA sections 616(b) and 642 to include measurable and rigorous targets, including targets for FFY 2018 that reflect improvement over the State's baseline data. OSEP appreciates the State's work on Phase I of its SSIP. This represents a significant effort to improve results for infants and toddlers with disabilities. We have carefully reviewed your submission and provided feedback during a recent conference call with the State. OSEP will continue to work with your State as it develops Phase II of the SSIP, due April 1, 2016.

As a reminder, your State must report annually to the public, by posting on the State lead agency's web-site, on the performance of each early intervention service (EIS) program located

in the State on the targets in the SPP as soon as practicable, but no later than 120 days after the State's submission of its FFY 2013 SPP/APR. In addition, your State must: (1) review EIS program performance against targets in the State's SPP/APR; (2) determine if each EIS program "meets the requirements" of Part C, or "needs assistance," "needs intervention," or "needs substantial intervention" in implementing Part C of the IDEA; (3) take appropriate enforcement action; and (4) inform each EIS program of its determination.

Further, your State must make its SPP/APR available to the public by posting it on the State lead agency's web-site. Within the next several days, OSEP will be finalizing a State Profile for your State that: (1) will be accessible to the public; (2) includes links to a PDF of the State's SPP/APR, including all of the State's and OSEP's attachments; and (3) the State may use to make its SPP/APR accessible to the public.

OSEP appreciates the State's efforts to improve results for infants, toddlers, and children with disabilities and their families and looks forward to working with your State over the next year as we continue our important work. If you have any questions, would like to discuss this further, or want to request technical assistance, please contact Brenda Wilkins, your OSEP State Lead, at 202-245-6920.

Sincerely,

A handwritten signature in black ink, appearing to read "Melody Musgrove". The signature is fluid and cursive, with the first name "Melody" and last name "Musgrove" clearly distinguishable.

Melody Musgrove, Ed.D.
Director
Office of Special Education Programs

cc: Part C Coordinator

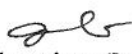



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

MEMORANDUM

AUG 27 2015

TO: Dan Wuori, Ph.D., Chief Program Officer
South Carolina First Steps to School Readiness (First Steps)

THROUGH: Judith Gregorian, Associate Division Director 
Division of Monitoring and State Improvement Planning (MSIP)
Office of Special Education Programs (OSEP)

FROM: Brenda Wilkins, OSEP State Contact for South Carolina 

SUBJECT: Amendments to South Carolina's Individuals with Disabilities Education Act (IDEA) Part C FFY 2015 Application

Thank you for the information you and others provided during our conference call on July 14, 2015 regarding the amendments to South Carolina's System of Payments policies under section II.A.3a of the IDEA Part C grant application.

Through this memorandum, OSEP is confirming the approval of specific policies and agreements submitted by First Steps under Section II.A of the IDEA Part C application, some of which were approved in OSEP's July 2, 2013 and June 24, 2014 memoranda to the State. The most recent versions of the documents reviewed and the corresponding application sections are listed below:

II.A.2, Early Intervention Services: BabyNet Policy and Procedural Manual, labeled at the top as "eff. 01jul13", Part I, Sections 3 (definition of qualified personnel), 4 (service coordination), and 17 (service definitions), submitted with the State's FFY 2014 IDEA Part C grant application, and approved in OSEP's June 24, 2014 memorandum to the State.

II.A.3.a, System of Payments: the documents titled, (1) BabyNet Policy and Procedure Manual, eff. 01jul15, Part II, Administration of the South Carolina Early Intervention System under Part C of the Individuals with Disabilities Education Act, Section 7 (system of payments), submitted on July 25, 2015, (2) Written Notice Related to Private Insurance/Medicaid & System of Payment Policies, submitted on July 25, 2015, and (3) Health Insurance Resources Summary Form, submitted on July 15, 2015. OSEP finds that the State's system of payment policies meet the applicable statutory and regulatory requirements of IDEA Part C, and OSEP is approving them at this time as an amendment to the State's FFY 2015 IDEA Part C grant application.

II.A.4, Developmental Delay: BabyNet Policy and Procedural Manual, eff. 01jul13, Part I, Sections 3 (definitions d, t, u, z, aa, ee, ff, mm, oo, and eee), 11 (BabyNet Eligibility Evaluation), 12 (Assessment of Child's Unique Strengths and Needs), and 13 (Assessment of the Family's Resources, Priorities and Concerns), approved in OSEP's July 2, 2013 memorandum to the State.

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II.A.7, CAPTA: BabyNet Policy and Procedural Manual, eff. 01jul13, Part I, Section 6 (f)(iv)(a) (Referral to BabyNet), approved in OSEP's July 2, 2013 memorandum to the State.

II.A.8, Geographic Equity: BabyNet Policy and Procedural Manual, eff. 01jul13, Part II, Section 5 (e-f) (Identification and Coordination of Resources), approved in OSEP's July 2, 2013 memorandum to the State.

II.A.9, Public Participation Procedures: BabyNet Policy and Procedural Manual, eff. 01jul13, Part II, section 13 (Public Participation), approved in OSEP's July 2, 2013 memorandum to the State.

II. A.10, Transition Policies: BabyNet Policy and Procedural Manual, eff. 01jul13, Part I, Section 23 (Transition), approved in OSEP's July 2, 2013 memorandum to the State.

II.A.10, Transition Agreement: "Memorandum of Agreement between South Carolina First Steps to School Readiness/Babynet and the South Carolina Department of Education," dated July 14, 2015. OSEP finds that the revised agreement submitted on August 5, 2015 meets the statutory and regulatory requirements of IDEA Part C, and is approving it at this time as an amendment to the State's FFY 2015 IDEA Part C grant application.

II.A.11, Head Start: "Cooperative Agreement between South Carolina First Steps to School Readiness/Babynet (IDEA/Part C Early Intervention System) with Spartanburg County First Steps/Early Head Start," dated December 19, 2013 and approved in OSEP's June 24, 2014 memorandum to the State.

II.A.12, Equitable Access and Participation: BabyNet Policy and Procedural Manual, eff. 01jul13, Part II, Section 5 (f) (Identification and Coordination of Resources), approved in OSEP's July 2, 2013 memorandum to the State.

South Carolina indicated in Section II.A.3b of its FFY 2015 IDEA Part C application that by September 30, 2015, the State would submit its final methods to ensure the provision of early intervention services provided or paid for by State-level agencies other than the lead agency. OSEP remains available to provide technical assistance and review draft methods. We look forward to receiving the final methods by September 30, 2015. Please contact me at 202-245-6920 if you have any questions or concerns.

cc: Kristie Musick (Part C Coordinator)





UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

MEMORANDUM

AUG 27 2015

TO: Dan Wuori, Ph.D., Chief Program Officer
South Carolina First Steps to School Readiness (First Steps)

THROUGH: Judith Gregorian, Associate Division Director 
Division of Monitoring and State Improvement Planning (MSIP)
Office of Special Education Programs (OSEP)

FROM: Brenda Wilkins, OSEP State Contact for South Carolina 

SUBJECT: South Carolina Corrective Action Plan under Part C of the Individuals with Disabilities Education Act (IDEA)

This memo is in response to the South Carolina First Steps to School Readiness' (First Steps') August 5, 2015 Corrective Action Plan (CAP) submitted in response to the U.S. Department of Education, Office of Special Education Program's (OSEP's) IDEA Part C June 30, 2015 determination letter and July 1, 2015 grant award letter and Special Conditions.

In its June 30, 2015 determination letter,¹ OSEP required South Carolina to submit a CAP by August 3, 2015 to address two areas that contributed significantly to the State's 2015 determination: (1) correction of findings of noncompliance (correction), consistent with IDEA section 635(a)(10)(A) and 34 CFR §§303.120 and 303.700(e), and (2) compliance with timely transition plans consistent with 34 CFR §303.209(d).

(1) Correction of Noncompliance

The State reported in its August 2015 CAP that all remaining FFY 2012 findings of noncompliance have been verified as corrected or the child has left the jurisdiction of the State's early intervention system. The State also reported the number of FFY 2013 findings of noncompliance identified by the State, the number of FFY 2013 findings that have been corrected, and the State's plan for ensuring correction of the remaining FFY 2013 findings.

With its FFY 2014 APR, due February 1, 2016, the State must report on the correction of the remaining FFY 2013 findings of noncompliance identified by the State, including the:

- 10 remaining findings of noncompliance for Indicator 1;
- Six remaining findings of noncompliance for Indicator 7;

¹ OSEP's July 1, 2015 IDEA Part C Federal fiscal year (FFY) 2015 grant award letter and Special Conditions also required the State to submit its CAP to ensure the correction of findings of noncompliance (correction), consistent with IDEA section 635(a)(10)(A) and 34 CFR §§303.120 and 303.700(e).

- FFY 2013 findings (if any) of noncompliance for Indicator 8A; and
- 33 remaining findings of noncompliance for Indicator 8C.

If the State does not provide correction data for those findings of noncompliance, the State's failure to provide the required information will be a factor in the State's 2016 determination.

(2) Indicator 8A:

The June 30, 2015 determination letter required South Carolina to submit within its CAP a description of how the State is improving its data collection for Indicator 8A for timely transition plans. The State's CAP provided a description of how it began using its data system to improve the collection of data for Indicator 8A as of March 2014. The CAP also described other activities the State is undertaking, including obtaining input from stakeholders. OSEP looks forward to reviewing the State's Indicator 8A data for timely transition plans in its FFY 2014 IDEA Part C APR, due February 1, 2016.

If you have any questions, would like to discuss this further, or want to request technical assistance, please contact Brenda Wilkins, your OSEP State Contact, at 202-245-6920.

cc: Kristie Musick (Part C Coordinator)



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

NOV 18 2015

MEMORANDUM

TO: Dan Wuori, Ph.D., Chief Program Officer
South Carolina First Steps to School Readiness (FSSR)

THROUGH: Judith Gregorian, Associate Division Director
Division of Monitoring and State Improvement Planning (MSIP)
Office of Special Education Programs (OSEP)

FROM: Brenda Wilkins, OSEP State Contact for South Carolina *BN*

SUBJECT: Request to Charge Rent to South Carolina's Individuals with Disabilities
Education Act (IDEA) Part C FFY 2015 Grant

This memorandum responds to the State's request in Section IV.B of its FFY 2015 IDEA Part C grant application, dated April 21, 2015, to charge rent as a direct cost under its FFY 2015 IDEA Part C grant. As explained below, OSEP approves FSSR's request.

In an attachment to its FFY 2015 IDEA Part C grant application, the State included some information regarding its request to charge rent for office space. FSSR provided additional information concerning its request via electronic mail on June 22, 2015. We are approving the State's request to charge rent for office space as a direct cost under Section IV.B of the State's FFY 2015 IDEA Part C grant application based on the information provided by the State on those two dates, which indicates that such costs are consistent with the IDEA Part C nonsupplanting requirements in IDEA section 637(b)(5)(b) and 34 CFR §303.225.

OSEP reminds the State that if it charges rent as a direct cost to its IDEA Part C grant it cannot also include that rent as an indirect cost to be charged to its IDEA Part C grant under a restricted indirect cost rate agreement or cost allocation plan.

Please contact me at 202-245-6920 if you have any questions or concerns.

cc: Kristie Musick (Part C Coordinator)

MEMORANDUM

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202-_____

TO: Dan Wuori, Ph.D., Chief Program Officer
South Carolina First Steps to School Readiness (First Steps)

THROUGH: Judith Gregorian, Associate Division Director *JG*
Division of Monitoring and State Improvement Planning (MSIP)
Office of Special Education Programs (OSEP) *BW*

FROM: Brenda Wilkins, OSEP State Contact for South Carolina

SUBJECT: Amendments to South Carolina's Individuals with Disabilities Education Act (IDEA) Part C FFY 2015 Application

DATE: December 4, 2015

South Carolina's FFY 2015 application under Part C of the Individuals with Disabilities Education Act (IDEA Part C) indicated that the State would submit its final methods to ensure the provision of early intervention services provided or paid for by State-level agencies other than the lead agency by September 30, 2015. The State did not submit its methods by September 30, 2015, but, as described in this memorandum, the State submitted some documents related to its methods as attachments to its November 5, 2015 e-mail. In this memorandum, OSEP is responding to those documents.

I. Contracts with South Carolina Department of Disabilities and Special Needs (SCDDSN) and South Carolina School for the Deaf and Blind (SCSDB)

Specifically, OSEP reviewed the following documents submitted on November 5, 2015 to determine if they meet the requirements in 34 CFR §303.511 for methods under Section II.A.3b of the application:

- Contract between South Carolina First Steps to School Readiness and SCDDSN, dated October 30, 2015.
- Contract between South Carolina First Steps to School Readiness and SCSDB, dated July 13, 2015.¹
- Addendum to Contract Between South Carolina First Steps to School Readiness and SCSDB, dated July 16, 2015.

Although the SCDDSN contract and the Addendum to the SCSDB contract include references to 34 CFR §303.511, those documents do not explain the procedures the State has established for achieving the timely resolution of intra-agency and interagency disputes, and the State's mechanism for making a final determination, which must be binding on the agencies involved. Those documents also do not include the State's mechanism to ensure that no services that a child is entitled to receive under Part C are delayed or denied because of disputes between agencies regarding financial or other responsibilities.

¹ On November 5, 2015, the State submitted the Contract and Addendum with SCSDB signed in July 2015. The State previously submitted an earlier version of the contract that was signed on July 3, 2014, which OSEP responded to in its September 3, 2014 email correspondence to the State.



The November 5, 2015 e-mail also requested that OSEP review Clause 3 under Section B, Assurances in the SCDDSN contract. The e-mail referenced page 3, but we believe that section is on page 2 of the contract. It says that the Contractor agrees to “comply with a revised Program Policy and Procedural manual once agreement is reached on what is to be included in the Program Policy and Procedural manual with the major BabyNet Partners.” Under 34 CFR §303.511(a)(2), the State’s method must ensure that the provision of services is consistent with the requirements of Part C of the IDEA. Because SCDDSN’s agreement to comply with the Program Policy and Procedural manual is contingent on changes that may be made to the manual, it is unclear how the wording of the agreement ensures compliance with the requirements of 34 CFR §303.511(a)(2). OSEP notes that the sections of the BabyNet Program Policy and Procedural manual that the State submitted as its policies required under Section II.A of its IDEA Part C application, which were listed in OSEP’s August 27, 2015 memorandum to the State, were reviewed and approved by OSEP.

The State must revise the contracts with SCDDSN and SCSDB to address these issues.

II. Early Head Start and Medicaid

In addition to the contracts listed above, if any other State-level agencies provide or pay for Part C services, the State must have in place written methods to establish financial responsibility for the provision of early intervention services provided or paid for by those agencies.

OSEP previously reviewed a draft agreement that appeared to indicate that Early Head Start programs may provide some IDEA Part C services. OSEP sent a checklist to the State in November 2012 regarding that agreement, but it is still unclear to OSEP whether a State-level agency provides IDEA Part C services through Early Head Start. If a State-level agency provides IDEA Part C services through Early Head Start, the State must submit its method for ensuring the provision of early intervention services by that agency. For your reference, we are attaching the prior checklist to this memorandum.

In addition, OSEP understands that the South Carolina Department of Health and Human Services (SCDHHS) administers the Medicaid program in South Carolina, and that Medicaid pays for IDEA Part C services. If that understanding is correct, the State must have a written method with SCDHHS to ensure the provision of, and financial responsibility for, IDEA Part C services. The State did not include a method with SCDHHS in its November 5, 2015 e-mail.

For any State-level agencies that provide or pay for IDEA Part C services, other than the lead agency, the State must submit its methods for ensuring the provision of, and financial responsibility for, Part C services if the State uses any method other than a State statute or regulation (i.e., an interagency agreement or another appropriate written method).

III. Other Documents submitted on November 5, 2015

The State submitted several other documents on November 5, 2015, but those documents are not required to be submitted under Section II.A.3b of the IDEA Part C application. OSEP has not reviewed those documents, but we are happy to talk with you about them if you have questions.

Please contact me at 202-245-6920 if you have any questions or concerns. We are happy to talk with you about any of the issues in this memorandum. We look forward to receiving the State's methods under Section II.A.3b of the IDEA Part C application by January 30, 2015.

cc: Kristie Musick (Part C Coordinator)

Attachment

South Carolina
OSEP Checklist #4
Methods, Section II.A.3.b. of the IDEA Part C Grant Application

The State submitted a draft Agreement titled "Cooperative Agreement between the South Carolina Department of Education and the Babynet Early Intervention System under Part C of IDEA with Office of Head Start, Region IV, South Carolina State Head Start Association, Inc., Migrant and Seasonal Head Start Branch, Region XII, East Coast Migrant and Seasonal Head Start Project, Catawba Indian Nation Head Start Program, South Carolina Community Action Directors Association," dated April 2012. OSEP reviewed this agreement under Section II.A.11 of the IDEA Part C grant application, which requires that the application contain a description of State efforts to promote collaboration among Head Start and Early Head Start programs under the Head Start Act. Once signed, the draft Agreement would meet the requirement to submit that description under Section II.A.11 of the grant application.

However, it appears from the statements on page 8 of the draft Agreement that Early Head Start programs may provide some IDEA Part C services. If there are State-level agencies, other than the State lead agency, that provide or pay for Part C services in the State, the State must have in place a written method to establish financial responsibility for the provision of Part C services under IDEA section 640 and 34 CFR §303.511. If the State uses any Method other than a State statute or regulation (i.e., an interagency agreement or another appropriate written method) to ensure the provision of, and financial responsibility for, Part C services, the State must submit that Method (the agreement or other written method) to the Department as part of Section II.A.3.b. of the State's IDEA Part C grant application.

OSEP reviewed the State's Draft Agreement, dated April 2012, to determine if it meets the requirements for a method under Section II.A.3.b. of the State's IDEA Part C grant application, and has identified the following issues:

| <u>IDEA Part C Requirement</u> | <u>State's Policy Reviewed</u> | <u>Issue</u> | <u>Required Action</u> |
|---|---------------------------------------|--|--|
| The State must have in place a written method to establish financial responsibility for the provision of Part C services under IDEA section 640 and 34 CFR §303.511, if there are State-level agencies, other than the State Part C lead agency, that provide or pay for Part C services. | Draft Head Start Agreement | It is unclear if the State-level agency that is responsible for providing IDEA Part C services through Early Head Start is a party to the Agreement. | The State must clarify which State-level agency provides IDEA Part C services through Early Head Start, and if that State-level agency is not a party to the Agreement, the State must either include that State-level Agency in this Agreement, or submit a separate Agreement between that State-level agency and the IDEA Part C lead agency. |

**South Carolina
OSEP Checklist #4**

Methods, Section II.A.3.b. of the IDEA Part C Grant Application

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| <p><u>System of Payments (SOPs), Use of Insurance, if applicable</u> – The Method must include any provisions, or a cross-reference to the policies, that the State has adopted under 34 CFR §303.520 regarding the use of insurance to pay for Part C services, consistent with 34 CFR §303.511(d)(2).</p> | <p>Draft Head Start Agreement</p> | <p>The draft Agreement does not address this requirement.</p> | <p>The Agreement must be revised to address this requirement.</p> |
| <p><u>System of Payments, Fees, if applicable</u> - If a State has a system of payments, including sliding fees or cost participation fees, the Method must be consistent with those policies, which the State has adopted in writing and established under 34 CFR §§303.520 and 303.521. (34 CFR §303.511(d)(2))</p> | <p>Draft Head Start Agreement</p> | <p>The draft Agreement does not address this requirement.</p> | <p>The Agreement must be revised to address this requirement.</p> |
| <p><u>Timely Resolution of Disputes, Final Determination</u> - The Method must include procedures for achieving a timely resolution of intra-agency and interagency disputes about payments for a given service, or disputes about other matters related to the State's early intervention service program. Those procedures must include a mechanism for resolution of disputes within agencies and for the Governor, Governor's designee, or the lead agency to make a final determination for interagency disputes, which determination must be binding upon the agencies involved (34 CFR §303.511(c)(1))</p> | <p>Draft Head Start Agreement</p> | <p>The draft Agreement does not include all of the procedures required by 34 CFR §303.511(c)(1), including a final determination by the Governor, Governor's designee or the lead agency that is binding upon the agencies involved.</p> | <p>The Agreement must be revised to fully address this requirement.</p> |
| <p><u>Timely Resolution of Disputes, Internal Agency Procedures</u> - The Method must permit the agency to resolve its own internal disputes (based on the agency's procedures that are included in the agreement), so long as the agency acts in a timely manner (34 CFR §303.511(c)(2)(i))</p> | <p>Draft Head Start Agreement</p> | <p>The draft Agreement does not address this requirement.</p> | <p>The Agreement must be revised to address this requirement.</p> |
| <p><u>Timely Resolution of Disputes, Lead Agency Process</u> - The Method must include the process that the lead agency will follow in achieving resolution of intra-agency disputes, if a given agency is unable to</p> | <p>Draft Head Start Agreement</p> | <p>The draft Agreement does not address this requirement.</p> | <p>The Agreement must be revised to address this requirement.</p> |

South Carolina
OSEP Checklist #4
Methods, Section II.A.3.b. of the IDEA Part C Grant Application

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|---|----------------------------|--|--|
| resolve its own internal disputes in a timely manner (34 CFR §303.511(c)(2)(ii)) | | | |
| <u>Timely Resolution of Disputes, Financial Responsibility</u> - The Method must provide that if, during the lead agency's resolution of the dispute, the Governor, Governor's designee, or lead agency determines that the assignment of financial responsibility under this section was inappropriately made, the Governor, Governor's designee, or lead agency must reassign the financial responsibility to the appropriate agency; and the lead agency must make arrangements for reimbursement of any expenditures incurred by the agency originally assigned financial responsibility (34 CFR §303.511(c)(3)) | Draft Head Start Agreement | The draft Agreement does not address this requirement. | The Agreement must be revised to address this requirement. |
| <u>Services Pending Resolution of Disputes</u> - The Method must include a mechanism to ensure that no services that a child is entitled to receive under this part are delayed or denied because of disputes between agencies regarding financial or other responsibilities (34 CFR §303.511(d)(1)) | Draft Head Start Agreement | The draft Agreement does not address this requirement. | The Agreement must be revised to address this requirement. |